



U.S. Department of Justice

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**HOME HEALTH CARE ADMINISTRATOR PLEADS GUILTY TO
FEDERAL HEALTH CARE FRAUD AND KICKBACK SCHEME**

ROCKFORD — An Elmhurst, Ill., woman pleaded guilty today in federal court in Rockford, before U.S. District Judge Frederick J. Kapala, to healthcare fraud and kickback violations. Merigrace Orillo, 45, co-owned and operated Chalice Home Healthcare Services, Inc., with her husband Virgilio Orillo. Chalice had offices in Chicago, Freeport, and Morris, Illinois. Orillo admitted that her fraud scheme caused a loss of more than \$400,000 to the Medicare program.

Medicare is a national healthcare program which provides free or below-cost health care to eligible beneficiaries, primarily persons who are 65 years of age or older. Chalice was an enrolled provider with the Medicare program since 2004.

According to a written plea agreement, Chalice's nurses, nurses aids, physical therapists, and occupational therapists provided services to patients in their homes. Chalice was usually paid for these services through the Medicare program. Orillo admitted that from January 2007 through April 2010, she and her husband falsified documents in order to increase the payments Chalice received from Medicare. These falsifications were made on documents known as OASIS forms. The falsifications made Chalice's patients appear to be sicker than they actually were and in need of greater care than they actually required.

In the plea agreement, Orillo also admitted that she knowingly assisted her husband in paying cash kickbacks to a Chicago doctor. The kickbacks were paid in return for the doctor referring patients to Chalice for home healthcare services. Orillo admitted that she withdrew cash from Chalice's bank account and provided that cash to her husband to be used to pay these kickbacks.

The indictment, which was filed on February 15, 2011, charged both Orillo and her husband Virgilio with healthcare fraud. The charges against Virgilio Orillo were dismissed after he died on August 30, 2011.

Healthcare fraud carries a maximum penalty of 10 years in prison and a \$250,000 fine, or a fine totaling twice the loss to any victim or twice the gain to the defendant, whichever is greater, as well as restitution to the victims. The kickback charge carries a maximum penalty of 5 years in prison and a \$250,000 fine. The actual sentence will be determined by the United States District Court, guided by the advisory United States Sentencing Guidelines. Sentencing has been set for July 19, 2012, at 9:30 a.m.

The investigation was conducted by the Medicare Fraud Strike Force, which expanded to the Northern District of Illinois in 2011, and is part of the Health Care Fraud Prevention & Enforcement Action Team (HEAT), a joint initiative between the Justice Department and HHS to focus their efforts to prevent and deter fraud and enforce anti-fraud laws around the country.

The guilty plea was announced by Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois; Robert D. Grant, Special Agent-in-Charge of the Chicago Office of Federal Bureau of Investigation; and Lamont Pugh, Special Agent-in-Charge of the U.S. Department of Health and Human Services, Office of Inspector General in Chicago.

The government is being represented by Assistant U.S. Attorney Scott A. Verseman.

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